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# World Production and Trade

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Weekly  
Roundup

WR 36-84

Sept. 6, 1984

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

## GRAIN AND FEED

The EUROPEAN COMMUNITY (EC) plans to introduce quality standards for wheat exports, despite opposition from COCERAL, the European Association of Grain Traders. Although the general principle has yet to be approved by the EC Commission and the details need to be worked out, the idea is that exporters would lose their \$5 per ton deposit on export licenses if their wheat does not meet the same minimum quality standards used for intervention stock purchases. Adoption of quality standards could have several results. It could encourage additional domestic use of low-quality wheat that does not meet export standards, and thereby reduce EC soft wheat exportable supplies. Without the export market as a disposal option for poor quality wheat, farmers might be encouraged to cut wheat production somewhat. However, quality standards might also simply encourage farmers to produce more higher protein wheats, which could reduce EC demand for imported U.S. hard wheats. EC wheat production has expanded by 50 percent over the past decade as farmers, stimulated by rising support prices, shifted from high-quality but lower yielding spring varieties to higher yielding, but poor quality fall varieties. Since domestic use has largely stagnated, the Community has faced rising surpluses, and exports have tripled to 16.5 million tons forecast for 1984/85.

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In the SOVIET UNION, purchases of U.S. corn for shipment during the second year (October 1984/ September 1985) of the new long-term grain agreement have reached 6.9 million tons. This marks the heaviest pre-October Soviet corn purchases in the past decade. As of Aug. 23, 1984, the Soviets accounted for two-thirds of the outstanding sales for the 1984/85 marketing year based on data from the weekly Export Sales Report. Since 1975/76, annual Soviet purchases of U.S. corn have ranged from a low of 3.1 million tons to a high of 11.9 million, averaging over 7 million tons.

## OILSEEDS AND PRODUCTS

On August 29, ARGENTINA lowered its export taxes on soybean oil from 20.5 percent to 11.5 percent and on sunflowerseed oil from 23.5 percent to 15.5 percent. At the same time, the Ministry of Economy raised the export tax on soybean meal to 11.5 percent from 8.5 percent, but lowered it on sunflowerseed meal to 16.5 percent from 18.5 percent. The export tax on both soybeans and sunflowerseed remains unchanged at 26.5 percent.

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LYNN K. GOLDSBROUGH, Editor, Tel. (202) 382-9442. Additional copies may be obtained from FAS Media and Public Affairs Branch, 5918-South, Washington, D.C. 20250. Tel. (202) 447-7937.



The widening of the export tax differential is believed to be the result of pressure from the Argentine oilseed crushing industry to improve crushing margins and increase value-added exports and maintain domestic employment. According to the government, the new export taxes will be in effect for 90 days. This period coincides with the beginning of the 1984/85 U.S. crushing season. The Argentine tax change is likely to mean more competition for U.S. crushers.

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MALAYSIA's Palm Oil Registration and Licensing Authority (PORLA) estimates July crude palm oil production at a record 346,000 tons, 10 percent above the previous high for July. The cumulative output of 1.78 million tons for the first seven months of this year is 9 percent higher than the same period in 1983 and about the same as the January-July 1982 output. Based on the continued recovery in Malaysian palm oil production from last year's reduced output of 3 million tons, the U.S. agricultural attache in Kuala Lumpur continues to forecast calendar 1984 output at 3.6 million tons.

#### DAIRY, LIVESTOCK AND POULTRY

WORLD meat production in 1984 is expected to total almost 108 million tons, 1 percent above 1983; another 1-percent increase is likely in 1985. Beef production will likely increase in 1984 but little change is anticipated in 1985. World pork production is expected to remain relatively stable in both 1984 and 1985, but poultry meat output, up only 1 percent in 1984, is anticipated to double that rate in 1985.

#### Meat Production in Selected Countries

	1983	Forecast 1984	Forecast 1985
	-----Million Tons-----		
Beef and veal	41.1	41.8	41.8
Pork	37.5	37.6	37.6
Sheep and goat meat	4.6	4.7	4.7
Total red meat	83.2	84.1	84.1
Poultry meat	23.3	23.6	24.4
Total meat	106.5	107.7	108.5

World beef and veal production may increase about 2 percent in 1984, with much of the increase expected to occur in the EC and the USSR. Beginning 1985 cattle numbers will be up slightly, largely due to an increase in the USSR. U.S. cattle inventories are expected to drop during 1984 because of continued unfavorable prices and poor pasture conditions in several important cow/calf areas. In Canada, herd liquidation may accelerate late in 1984 due to this year's drought in the western areas. Mexican weather conditions have improved, but heavy monetary losses during the 1982-83 drought are slowing herd recovery. Uncertainty over government policies and unfavorable weather have limited Argentine herd growth this year.

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Favorable weather conditions in Australia have contributed to a turn-around in the cattle inventory this year. With numbers still low, 1985 beef production could remain at the 1984 level as more breeding animals are retained.

Cattle Numbers and Beef Production 1/

Country	Beginning Cattle Inventory			Beef and Veal Production		
	1983	1984	1985	1983	1984	1985
	-----Million Head-----			-----Million Tons-----		
United States	115.2	114.0	112.6	10.7	10.7	10.4
Canada	11.6	11.3	11.1	1.0	1.0	1.0
Mexico	33.9	33.9	33.9	1.2	1.3	1.4
EC-10	78.8	79.5	78.3	6.8	7.3	7.1
Eastern Europe	37.1	37.8	37.9	2.4	2.5	2.5
Soviet Union	117.2	119.4	121.0	6.9	7.2	7.5
Argentina	58.0	58.3	58.4	2.4	2.5	2.5
Uruguay	10.3	9.5	9.8	.4	.4	.3
Australia	22.5	22.2	22.8	1.4	1.3	1.3
New Zealand	7.9	7.6	7.8	0.5	0.5	0.5
Japan	4.6	4.7	4.7	0.5	0.5	0.5
Total of 50 countries	943.9	946.7	948.4	41.1	41.8	41.7

1/ Includes buffalo numbers and meat production.

In Europe, a new EC dairy program is reducing dairy cow numbers and is pushing beef production to record levels. In Poland, support prices for livestock and grain are forecast to encourage reduced calf slaughter and herd rebuilding. Further herd growth and record 1985 beef production are projected for the Soviet Union.

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WORLD hog numbers are expected to be down about 6 million head at the start of 1985 largely because of declines in the EC and the United States. In the United States 1984 pork production is projected to be nearly 5 percent below 1983. More favorable hog/feed price ratios this fall and during early 1985 are not expected to lead to expanded production until late 1985. Despite weak domestic prices, pork production in Canada is forecast to hold about steady in 1985 as the result of both price support programs and strong export sales to the United States. However, growth in inventories is expected to slow or stop in 1985.

In the EC, high costs and weak domestic demand are causing hog numbers to fall in 1984 for the first time in about 10 years. The largest declines are expected in France and West Germany. Herd growth is expected to continue in Denmark and the Netherlands--the two major pork exporters.

In Eastern Europe, hog numbers are expected to show little change during 1984 in most countries. However, in Poland, changed support price levels are expected to encourage herd growth after three years of decline. Soviet production is expected to continue to expand in 1984 due to the favorable feed supplies in the first half of the year.

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Hog numbers are expected to drop in Korea and Taiwan because of over expansion last year, while further expansion is expected in Japan.

Country	Hog Numbers and Pork Production					
	Beginning Hog Inventory			Pork Production		
	1983	1984	1985	1983	1984	1985
	-----Million Head-----			-----Million Tons-----		
United States	53.9	55.8	52.7	6.9	6.6	6.4
Canada	10.1	10.4	10.3	.9	.9	.9
Brazil	33.5	33.0	33.0	1.0	.9	.9
EC-10	79.3	79.3	77.0	9.7	9.7	9.8
Eastern Europe	70.7	73.3	74.2	6.5	6.4	6.5
Soviet Union	76.7	78.5	79.5	5.6	6.0	6.1
Japan	10.3	10.4	10.5	1.4	1.5	1.5
Total of 36 countries	400.9	408.6	402.5	37.5	37.6	37.6

\*\*\*\*\*

WORLD sheep and goat meat production is expected to expand about 2 percent in 1984 as Australia and the USSR recover from previous shortfalls and various European countries continue their steady expansion. In Australia, sheep numbers rose sharply last year as the weather improved, but expansion this year may be slower as slaughter levels increase. A sharp increase in slaughter and meat production is forecast for 1985. In the Soviet Union, increased numbers are leading to expanded meat production in 1984, but less favorable pasture and forage supplies may limit growth in 1985.

Country	Sheep Numbers and Meat Production					
	Beginning Sheep Numbers			Sheep and Goat Meat Production		
	1983	1984	1985	1983	1984	1985
	-----Million Head-----			-----Thousand Tons-----		
Soviet Union	142.2	145.0	145.0	800	850	850
Australia	133.2	140.6	144.3	453	538	561
New Zealand	70.3	70.3	70.4	723	679	685
Total of 29 countries	657.2	669.3	672.0	4,596	4,695	4,737

\*\*\*\*\*

WORLD poultry meat production is expected to expand about 1.6 percent in 1984 despite lower output in Brazil and France. World output in 1985 could grow about 3 percent as the United States and the USSR, both large producers, are each expected to increase production about 4 percent. Global egg output is expected to be up only slightly in 1984 and 1985 as excess supplies continue to be a problem in most markets.

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Poultry Meat and Egg Production

Country	Total Poultry Meat			Eggs		
	1983	1984	1985	1983	1984	1985
	----Million Tons----			-----Billion-----		
United States	7.19	7.34	7.68	67.9	68.4	69.8
Brazil	1.58	1.49	1.52	9.0	8.5	9.0
EC-10	4.31	4.30	4.37	70.7	70.9	71.1
Spain	.81	.83	.83	12.3	11.8	12.0
Hungary	.39	.36	.37	4.5	4.5	4.5
Soviet Union	2.50	2.60	2.70	74.7	77.0	78.0
Total of 45 countries	23.25	23.63	24.44	344.6	346.8	352.4

\*\*\*\*\*

U.S. broiler production is forecast to expand about 4 percent in 1984 and 1985. An expanding economy is stimulating demand for broilers.

Brazilian broiler production is expected to drop to 1.4 million tons in 1984, 6 percent below 1983. Declining export prospects and weaker domestic demand have contributed to the decline.

Continued soft export markets are expected to keep both 1984 and 1985 French broiler production near the 1983 level, but roughly 8 percent below the 1982 peak. On the other hand, U.K. production is expected to expand in both 1984 and 1985 as the upward trend in feed prices appears to have moderated. After two years of decline, strengthening domestic demand should allow Spain's broiler producers to expand their output in 1984 and 1985.

Broiler production in Poland should expand in 1984 as more feed is made available to the industry. Production in Hungary may decline in 1984 as export markets have not been favorable. Production is forecast to recover in 1985. Poultry meat production in the USSR appears to have slowed relative to growth in red meat production. However, broiler production is forecast to expand in 1984 and 1985.

Broiler production in Japan may increase 5 percent in 1984 as producers respond to favorable demand and stable feed prices. Part of the demand is believed to have come from a reduced catch of fish, which are usually similar in price to chicken.

U.S. turkey production in 1984 may be 2 percent below the 1983 level as a result of poor returns last year and early this year. Stronger turkey prices and lower feed prices during the second half of 1984 should prompt a production increase in 1985.

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After over a decade of continuous expansion, Italian turkey production is expected to decline 2 percent in 1984 as producer prices have failed to keep up with rising costs. Turkey production in France during 1984 is expected to remain at the 1983 level as foreign and domestic demand growth have both slowed. Continued expansion in U.K. production is expected as prices have remained profitable for efficient producers. An expanding economy may facilitate rising turkey production in Spain during both 1984 and 1985.

Country	Broiler and Turkey Meat Production					
	Broilers			Turkey Meat		
	1983	1984	1985	1983	1984	1985
	-----Thousand	Tons----		-----Thousand	Tons----	
United States	5,625	5,810	6,061	1,195	1,171	1,226
Brazil	1,490	1,400	1,430	NA	NA	NA
EC-10	2,913	2,912	2,955	722	727	748
Spain	748	760	765	20	21	22
Hungary	288	250	280	NA	NA	NA
Soviet Union	700	750	800	49	50	51
Total	15,854	16,128	16,686	2,213	2,189	2,274

Total of 31 countries for broilers and 19 countries for turkeys.

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After declining in 1983, U.S. egg production is expected to expand in 1984 and 1985. Favorable egg prices in early 1984 encouraged producers to expand their flocks.

In the EC, U.K. egg production will not grow significantly as per capita consumption continues to slide. French producers are showing little tendency to expand despite improved prices. Production in the Netherlands is expected to continue rising as that country ships more to other EC members. The egg/feed price ratio in Spain showed some improvement during 1984; however, this is not expected to translate into higher production as both the domestic and the export market have tended to contract.

In Eastern Europe, egg production is expected to grow in both 1984 and 1985; however, some of the countries are starting to de-emphasize egg production as domestic demand is largely satisfied. Soviet egg production is expected to reach 77 billion eggs in 1984, 3 percent above 1983.

#### COTTON AND FIBERS

Despite prospects for a good cotton harvest, ZIMBABWE's exports may suffer as the result of inadequate ginning capacity. According to reports from Zimbabwe, insufficient ginning capacity may leave more than 20,000 tons of seed cotton in carryover stocks. Quality deterioration because of storage would further inhibit export prospects. Despite the upward trend in production, the inadequate ginning capacity could create a bottleneck for Zimbabwe's exports this year and in the future.

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Selected International Prices

Item	: Sept. 5, 1984	: Change from	: A year
	:	: previous week	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			
Canadian No. 1 CWRS-13.5%.	N.Q.	N.Q.	N.Q.
U.S. No. 2 DNS/NS: 14%....	176.00	4.79	+4.00
U.S. No. 2 S.R.W. ....	154.00	4.19	+1.50
U.S. No. 3 H.A.D.....9/	192.00	5.23	+2.00
Canadian No. 1 A: Durum.9/	211.00	5.74	+4.00
Feed grains:			
U.S. No. 3 Yellow Corn....	145.00	3.68	-6.00
Soybeans and meal:			
U.S. No. 2 Yellow.....	256.50	6.98	-15.00
Brazil 47/48% SoyaPellets	162.00	--	-15.50
U.S. 44% Soybean Meal..9/	169.00	--	-11.50
U.S. FARM PRICES 3/			
Wheat.....	124.18	3.38	-3.67
Barley.....	86.81	1.89	-6.43
Corn.....	119.29	3.03	-7.87
Sorghum.....	101.63	4.61 6/	+5.73
Broilers 4/.....	1207.02	--	+29.10
EC IMPORT LEVIES			
Wheat 5/.....	59.25	1.61	-.30
Barley.....	55.55	1.21	+.10
Corn.....	37.70	.96	+3.65
Sorghum.....	68.35	1.74	+4.30
Broilers 4/ 6/ 8/.....	171.00	--	-1.00
EC INTERVENTION PRICES 7/			
Common wheat(feed quality)	143.60	3.91	-.65
Bread wheat (min. quality)7/	153.50	4.18	-.70
Barley and all			
other feed grains.....	143.60	--	-.65
Broilers 4/ 6/.....	1125.00	--	-11.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat .....	13.60	.37	+3.15
Barley.....	19.80	.43	+.40
Broilers 4/ 6/ 8/.....	101.00	--	0

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.000 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects change in level set by EC. 9/ October shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis September delivery.



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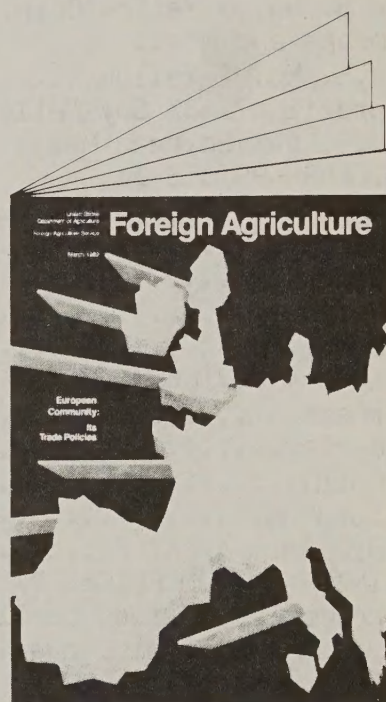
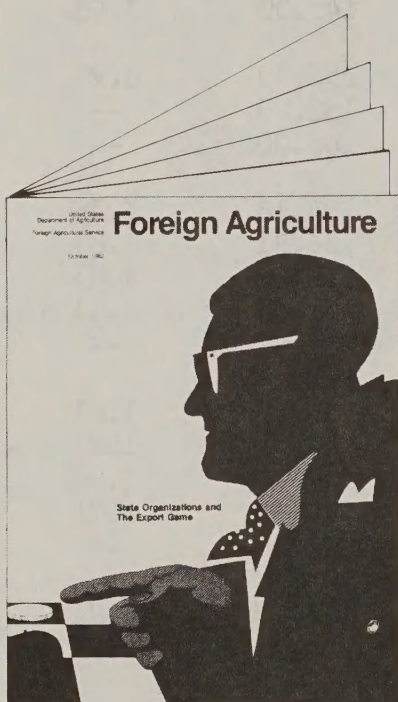
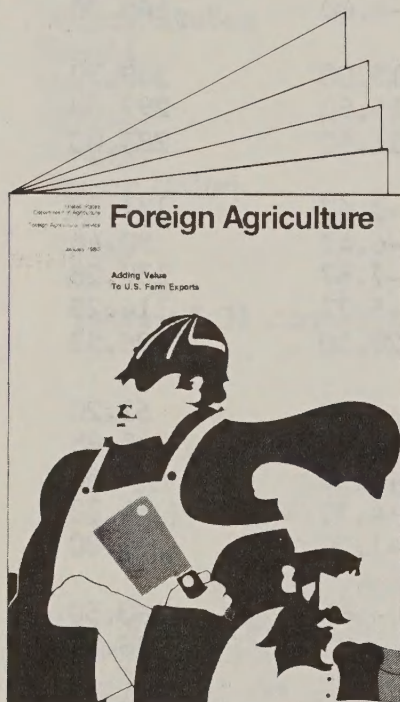
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